

# COUNCIL REPORT



CITY OF MOUNTAIN VIEW

**AGENDA:** July 10, 2012

**7.1**

**CATEGORY:** New Business

**DEPT.:** City Manager/Human Resources

**TITLE:** Adopt Resolutions to Amend MOU with EAGLES and POA and adopt Resolution Governing Compensation for Unrepresented Employees

## RECOMMENDATION

Adopt the following resolutions to amend existing Memoranda of Understanding (MOU) and Council resolutions and revise the City's Salary Plan to reflect these compensation changes for the EAGLES, Police Officers Association (POA) and unrepresented employees: Confidential employees; Fire Managers and Professionals; Police Managers; Department Heads; and City Council appointees.

1. Adopt A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN THE EAGLES AND THE CITY, FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN TO REFLECT THESE COMPENSATION CHANGES, to be read in title only, further reading waived (Attachment 1 to the staff report).
2. Adopt A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN THE POLICE OFFICERS ASSOCIATION AND THE CITY FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN TO REFLECT THESE COMPENSATION CHANGES, to be read in title only, further reading waived (Attachment 2 to the staff report).
3. Adopt A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE COMPENSATION RESOLUTION FOR UNREPRESENTED EMPLOYEES, INCLUDING CONFIDENTIAL, POLICE MANAGERS, FIRE MANAGERS AND PROFESSIONALS, DEPARTMENT HEADS, AND COUNCIL APPOINTEES, to be read in title only, further reading waived (Attachment 3 to the staff report).

## FISCAL IMPACT

One key component of the budget-balancing strategy for Fiscal Year 2012-13 was an employee compensation cost containment target of \$600,000 in structural or ongoing savings; this target has been exceeded. Costs associated with the proposed agreements are within budget projections for the next three years.

## **BACKGROUND AND ANALYSIS**

The current MOUs, extensions, side-letter agreements or resolutions with EAGLES, POA and unrepresented employees, including Confidential employees, Fire Managers/Professionals, Police Managers, Department Heads and Council Appointees, were scheduled to expire June 30, 2012.

- The EAGLES represent approximately 178 full-time equivalent positions in management, professional, technical and clerical classifications.
- The POA represent approximately 109 full-time equivalent positions in sworn and nonsworn classifications in the Police Department.
- Unrepresented employees include 15.25 full-time equivalent Confidential employees in various positions in the Human Resources Division and Finance and Administrative Services Department; 5 Fire Managers and Professionals in the positions of Battalion Chief and Hazardous Materials Specialist; 7 Police Managers in the positions of Police Captain and Police Lieutenant; 8 Department Heads in the positions of Assistant City Manager, Community Development Director, Community Services Director, Finance and Administrative Services Director, Fire Chief, Library Services Director, Police Chief/Assistant City Manager for Public Safety, and Public Works Director; and 3 Council Appointees in the positions of City Attorney, City Clerk and City Manager.

City management committed to a modified interest-based bargaining process with bargaining groups, and management and employee representatives attended interest-based bargaining training together in February 2012. City management representatives then met with representatives of EAGLES and POA from March through June 2012. City management representatives also met with unrepresented employees to discuss their interests. The City values the work done by employees to provide quality services and facilities to the residents of Mountain View. Recognizing that employee-related costs represent a significant portion of the City's operating costs; the City's interests through the negotiations process were to provide compensation packages which enable the City to meet the following objectives:

- Provide competitive compensation in order to attract and retain employees with the education, skills and experience which enables them to provide quality services on behalf of the City.
- Ensure that employee compensation is financially sustainable, so that the City can balance the operating budget on a structural basis, with ongoing revenues matching, or exceeding, ongoing expenditures, and can provide for long-term equipment and capital needs in order to maintain City service levels.
- Provide similar health benefits to all employees in order to enhance administrative efficiencies and economies of scale in benefits costs.

- Stabilize compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions.

The proposed agreements and resolutions meet the City's interests, with important structural changes to employee pension contributions, vacation and sick leave provisions, and medical insurance options. The proposed changes to the MOUs and resolutions are detailed in the attached resolutions and summarized below.

**Common Provisions for EAGLES, POA, Fire Managers/Professional, Police Managers and Unrepresented Employees**

*Term:* Three years, July 1, 2012 to June 30, 2015.

*Medical Benefits:* The City anticipates offering a high-deductible health plan (HDHP) to all employees, in addition to the HMO and PPO plans currently provided. The HDHP has significantly lower premium costs, and the City would make contributions to an employee Health Savings Account for employees who voluntarily choose to join the HDHP.

*Vacation Cash-Out:* In Fiscal Year 2012-13 and Fiscal Year 2013-14, EAGLES, POA, Fire Managers, Police Managers and Unrepresented Employees will be allowed to make one-time vacation cash-outs at a 50 percent higher level than currently allowed.

**EAGLES**

*1.0 Percent Lump Sum Payment:* Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all employees in the bargaining unit who are on paid status or approved leave as of July 7, 2012.

*Short-Term Disability:* Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

*2.0 Percent COLA Fiscal Year 2013-14:* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

*2.0 Percent COLA Fiscal Year 2014-15:* Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

*CalPERS Cost Share:* Effective the first pay period ending in July 2013, members will contribute an additional 1.0 percent of salary towards their pension benefit for a total employee pension contribution of 11.5 percent of salary.

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*CALPERS Contract Amendment to Allow Cost Share to be Credited to Member Account:* For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with CalPERS rules for all employees covered under the miscellaneous CalPERS contract for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account.

*Vacation Accrual:* EAGLES members who have not attained 16 years or more of service as of June 24, 2012 will accrue vacation to a maximum of 23 days, reduced from 25 days.

*Modification of Sick Leave Incentive Program:* Reduce the sick leave incentive program so that four vacation hours are granted for each quarter that an employee does not use sick leave.

*Equity Adjustment:* The proposed agreement provides for salary increases for selected positions which are significantly below market compared to comparable public agencies. The salary ranges for the following classifications will be increased by 5 percent: Buyer, Purchasing and Support Services Manager, Supervising Buyer, Fire Marshal—Nonsafety, Fire Protection Engineer, Hazardous Materials Specialist Nonsafety and Office of Emergency Services Coordinator. Additionally, employees in the Buyer classification will receive a 5 percent step increase and employees in the classifications of Purchasing and Support Services Manager, Supervising Buyer, Fire Marshal—Nonsafety, Fire Protection Engineer, Hazardous Materials Specialist Nonsafety and Office of Emergency Services Coordinator will receive a 3 percent salary increase.

*Potential Holiday Closure:* Grant one paid day off if City offices are closed to the public between December 24 and January 1 in Fiscal Year 2012-13, 2013-14 and 2014-15 and if employee is required to use leave.

*Miscellaneous Provisions:* The parties agreed to changes and additional clarification language to the following provisions of the MOU: potential provision of an employee-paid commuter check program, merit pay, call-back provisions for Utility Supervisors and authorized leave.

### **Police Officers Association (POA)**

*Medical Benefits:* HMO medical insurance plans available to POA members will now include a \$10 copay for office visits, as well as other minor health plan design changes.

*3.2 Percent COLA for Sworn Members Fiscal Year 2013-14:* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all sworn classifications in the bargaining unit by a 3.2 percent cost-of-living adjustment (COLA).

*2.2 Percent COLA for Nonsworn Members Fiscal Year 2013-14:* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all sworn classifications in the bargaining unit by a 2.2 percent cost-of-living adjustment (COLA).



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*2.0 Percent COLA Fiscal Year 2014-15:* Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

*CalPERS Cost Share for Sworn Members:* Effective the first pay period ending in July 2013, sworn POA members will contribute an additional 2.0 percent of salary towards their pension benefit for a total employee pension contribution of 15.148 percent of salary.

*CalPERS Cost Share for Nonsworn Members:* Effective the first pay period ending in July 2013, nonsworn POA members will contribute an additional 2.2 percent of salary towards their pension benefit for a total employee pension contribution of 11.7 percent of salary.

*CalPERS Contract Amendment to Allow Cost Share to be Credited to Member Account:* For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with CalPERS rules for all employees covered under the miscellaneous and sworn Police CalPERS contracts for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account.

*Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution for Sworn Members:* Effective the first pay period ending in July 2013, each sworn POA member shall contribute 1.2 percent of salary towards the City's retirees health trust which funds the City's anticipated liability for retirees' health benefits. The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share. The 1.2 percent OPEB contribution shall be ongoing if the parties reach agreement by July 1, 2013 on a mutually agreeable transition to the CalPERS Health System for sworn POA bargaining unit members (recognizing the actual date of implementation may be later than July 1, 2013). If the parties fail to reach agreement to migrate sworn POA bargaining unit members to the CalPERS Health System, the 1.2 percent OPEB contribution will expire in the last pay period which ends prior to June 30, 2014 and sworn POA bargaining unit members will contribute an additional 1.2 percent cost share toward the City's employer contribution to CalPERS beginning with the first pay period ending in July 2014 and continuing through the last pay period ending prior to June 30, 2015.

*Study of CalPERS Health System for Sworn Members:* The City and POA will explore the impacts of migrating sworn POA bargaining unit members and qualified retirees to the CalPERS Health System following completion of a study being conducted by the City and IAFF Local 1965. The PEMHCA Study Committee will discuss with POA leadership, on a monthly basis, the progress of the study and the final report. Once the PEMHCA Study Report is complete (anticipated to be December 2012), the parties agree to meet and confer over sworn POA members migrating to the CalPERS Health System.

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*Reduced Vacation Accrual:* POA members who have not attained 16 years or more of service shall accrue vacation to a maximum of 24 days, reduced from 25 days.

*Modification of Sick Leave Incentive Program:* Reduce the sick leave incentive program so that four vacation hours are granted for each quarter that an employee does not use sick leave.

*Dental Plan Premium Schedule:* Effective August 1, 2013, the employee dental plan premium contribution schedule for POA members will be the same as for other City employees.

*Vision Plan Design:* Effective August 1, 2013, the vision plan design for POA members will be the same as for other City employees.

*Other Changes:* A number of other clarifications were agreed on to update the MOU, including the incorporation of prior side letters, bereavement leave, clarification of probationary standing, use of association time and layoff notifications.

### **Confidential Employees**

*1.0 Percent Lump Sum Payment:* Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all confidential employees who are on paid status or approved leave as of July 7, 2012.

*Short-Term Disability:* Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

*2.0 Percent COLA Fiscal Year 2013-14:* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all confidential employees by a 2.0 percent cost-of-living adjustment (COLA).

*2.0 Percent COLA Fiscal Year 2014-15:* Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all confidential employees by a 2.0 percent cost-of-living adjustment (COLA).

*CalPERS Cost Share:* Effective the first pay period ending in July 2013, Confidential employees will contribute an additional 1.0 percent of salary towards their pension benefit for a total employee pension contribution of 11.5 percent of salary.

*CalPERS Contract Amendment to Allow Cost Share to be Credited to Member Account:* For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with CalPERS rules for all employees covered under the miscellaneous CalPERS contract for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account.

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*Modification of Sick Leave Incentive Program:* Reduce the sick leave incentive program so that four vacation hours are granted for each quarter that an employee does not use sick leave.

*Potential Holiday Closure:* Grant one paid day off if City offices are closed to the public between December 24 and January 1 in Fiscal Years 2012-13, 2013-14 and 2014-15 and if employee is required to use leave.

*Additional Flexible Spending Account Payment:* The City will contribute a \$150 lump sum to each Confidential employee's Flexible Spending Account in the second pay period in July 2012. This is a one-time payment.

### **Fire Managers and Professionals**

*Vacation Accrual Caps:* During Fiscal Year 2012-13, vacation accrual caps will be lowered for Fire Managers and Professionals as of December 31, 2012 and June 30, 2013. This reduction in the maximum accrued vacation that employees will be allowed to accumulate will result in ongoing structural savings to the City.

*Modification of Sick Leave Incentive Program:* Reduce the sick leave incentive program so that vacation hours granted are deducted from the employee's sick leave bank rather than granting new vacation.

*CalPERS Cost Share:* Effective the first pay period ending July 2013, Fire Managers and Professionals will contribute an additional 2.0 percent of salary towards their CalPERS pension benefit for a total employee pension contribution of 15.366 percent of salary.

*Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution:* Effective the first pay period ending in July 2013, Fire Managers and Professionals will contribute 1.2 percent of salary towards the City's retirees health trust which funds the City's anticipated liability for retirees' health benefits. The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share. The 1.2 percent OPEB contribution shall be ongoing if the parties reach agreement by July 1, 2013 on a mutually agreeable transition to the CalPERS Health System for Fire Managers and Professionals (recognizing the actual date of implementation may be later than July 1, 2013). If the parties do not reach agreement by July 1, 2013 to migrate Fire Managers and Professionals to the CalPERS Health System, the 1.2 percent OPEB contribution shall become a CalPERS contribution effective the pay period including July 1, 2014 and will expire the last pay period prior to June 30, 2015.

*Study of CalPERS Health System:* The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of the study with the

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Fire Managers and Professionals and discuss the prospect of Fire Managers and Professionals migrating to the CalPERS Health System.

**COLA:** Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all Fire Managers and Professionals by a 3.2 percent cost-of-living adjustment (COLA). Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all Fire Managers and Professionals by a 2.0 percent cost-of-living adjustment (COLA).

### **Police Managers**

*Vacation Accrual Caps:* During Fiscal Year 2012-13, vacation accrual caps will be lowered for Police Managers as of December 31, 2012, and June 30, 2013. Reducing the maximum accrued vacation that employees will be allowed to accumulate will result in ongoing structural savings to the City.

*CalPERS Cost Share:* Effective the first pay period ending July 2012, Police Managers will continue 0.65 percent of the current 0.78 percent cost share that was scheduled to expire on June 30, 2012. This cost share will continue on a permanent and ongoing basis toward the employee's CalPERS pension benefit.

Effective the first pay period ending July 2013, Police Managers will contribute an additional 2.0 percent of salary towards their CalPERS pension benefit for a total employee pension contribution of 15.798 percent of salary.

*CalPERS Contract Amendment to Allow Cost Share to be Credited to Member Account:* For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with CalPERS rules for all employees covered under the sworn Police CalPERS contract for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account.

*Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution:* Effective the first pay period ending in July 2013, Police Managers will contribute 1.2 percent of salary to the City's retirees health trust to help fund the City's OPEB costs. The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share addressed under CalPERS Cost Share. The 1.2 percent OPEB contribution shall be ongoing if the parties reach agreement on a mutually agreeable transition to the CalPERS Health System for Police Managers by July 1, 2013 (recognizing the actual date of implementation may be later than July 1, 2013). If the parties do not reach agreement by July 1, 2013 to migrate Police Managers to the CalPERS Health System, the 1.2 percent OPEB contribution shall be changed to a CalPERS contribution effective the pay period including July 1, 2014 and will expire the last pay period prior to June 30, 2015.



*Study of CalPERS Health System:* The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of the study with the Police Managers and discuss the prospect of Police Managers migrating to the CalPERS Health System.

*COLA:* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all Police Managers by a 3.2 percent cost-of-living adjustment (COLA). Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all Police Managers by a 2.0 percent cost-of-living adjustment (COLA).

### **Department Heads**

*Reduced Vacation Accrual (All Department Heads):* Department Heads who have not attained 16 years or more of service as of June 24, 2012 will accrue vacation to a maximum of 24 days, reduced from 25 days.

*Modification of Sick Leave Incentive Program (All Department Heads):* Reduce the sick leave incentive program so that four vacation hours are granted for each quarter that an employee does not use sick leave.

*1.0 Percent Lump Sum Payment (Nonsworn Department Heads):* Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all nonsworn Department Heads who are on paid status or approved leave as of July 7, 2012.

*2.0 Percent COLA Fiscal Year 2013-14 (Nonsworn Department Heads):* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all nonsworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

*2.0 Percent COLA Fiscal Year 2014-15 (Nonsworn Department Heads):* Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all nonsworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

*CalPERS Cost Share (Nonsworn Department Heads):* Effective the first pay period ending in July 2013, nonsworn Department Heads will contribute an additional 1.0 percent of salary towards their pension benefit for a total employee pension contribution of 11.5 percent of salary.

*CalPERS Contract Amendment to Allow Cost Share to be Credited to Member Account (Nonsworn Department Heads and Police Chief/Assistant City Manager for Public Safety):* For Fiscal

Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with CalPERS rules for all employees covered under the miscellaneous and sworn Police CalPERS contracts for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account.

*Short-Term Disability (Nonsworn Department Heads):* Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

*Potential Holiday Closure (Nonsworn Department Heads):* Grant one paid day off if City offices are closed to the public between December 24 and January 1 in Fiscal Years 2012-13, 2013-14 and 2014-15 if employee is required to use leave.

*3.2 Percent COLA Fiscal Year 2013-14 (Sworn Department Heads):* Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all sworn Department Heads by a 3.2 percent cost-of-living adjustment (COLA).

*2.0 Percent COLA Fiscal Year 2014-15 (Sworn Department Heads):* Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all sworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

*CalPERS Cost Share (Sworn Department Heads):* Effective the first pay period ending July 2013, sworn Department Heads will contribute additional salary on a permanent and ongoing basis for a total cost share of 6.0 percent and a total employee pension contribution of 15.366 percent of salary for the Fire Chief and 15.148 percent of salary for the Police Chief/ Assistant City Manager for Public Safety.

*Study of CalPERS Health System (Fire Chief and Police Chief/Assistant City Manager for Public Safety):* The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of the study with the Fire Chief and Police Chief/ Assistant City Manager for Public Safety and to discuss the prospect of the Fire Chief and Police Chief/ Assistant City Manager for Public Safety migrating to the CalPERS Health System.

*Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution (Fire Chief):* Effective the first pay period ending in July 2013, the Fire Chief will contribute 1.2 percent of salary to the City's retirees health trust to help fund the City's OPEB costs. The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share addressed under CalPERS cost share. The 1.2 percent OPEB contribution shall be ongoing if the City and the Fire Chief reach

agreement by July 1, 2013 on a mutually agreeable transition to the CalPERS Health System for the Fire Chief (recognizing the actual date of implementation may be later than July 1, 2013). If the City and Fire Chief agree to transition to CalPERS Health System, the 1.2 percent cost share will continue on a permanent basis to OPEB. If the City and Fire Chief do not reach agreement by July 1, 2013 to migrate the Fire Chief to the CalPERS Health System, the 1.2 percent OPEB contribution shall be changed to a CalPERS contribution effective the pay period including July 1, 2014 and will expire the last pay period prior to June 30, 2015.

### **Council Appointees**

The City Attorney, City Clerk and City Manager are each directly employed by the City Council and their compensation is subject to individual employment agreements. The current agreements for each of these positions links the health, leave and retirement benefits provided to these employees to those provided to nonsafety Department Heads. Because several provisions of Department Head Benefits, including health plan options, vacation accrual cap and maximums, sick leave incentive benefits and short-term disability benefits will change if the Council approves the recommended resolution for unrepresented employees, the attached resolution specifies how these changes would affect Council appointees.

Additionally, under the terms of their current employment agreements, the Council Appointees pay the same pension cost share as is paid by nonsafety Department Heads. For Fiscal Year 2012-13, the cost share will be 2.5 percent of salary, in addition to the employee contribution of 8.0 percent of salary. For nonsafety Department Heads, the cost share is proposed to increase to 3.5 percent of salary effective Fiscal Year 2013-14 and on an ongoing basis thereafter. It is anticipated that the increased cost share obligation would apply to Council Appointees unless modified in their employment agreement.

Compensation for the City Attorney, City Clerk and City Manager, including one-time lump sum payments, COLA increases and merit increases, is to be considered by the City Council annually in the context of the performance evaluations for these positions. Accordingly, no compensation increases for Council Appointees are proposed in the attached resolution.

Details for each employee group are provided in the detailed resolutions in Attachments 1 through 3.

### **CONCLUSION**

The City Council approved new three-year agreements with IAFF on June 12, 2012 and with SEIU on June 26, 2012. With adoption of the proposed resolutions for EAGLES, POA and Unrepresented employees, the City will have completed negotiations and established compensation for all City employees for the next three years. Taken together, the agreements exceeded the goal of \$600,000 in structural cost containment by making important changes to manage City costs for paid leave, medical benefits and retirement benefits on an ongoing basis.

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The proposed agreements for EAGLES and POA and the proposed compensation for Unrepresented employees were the result of many months of work on the part of both employee groups and management staff. City management sincerely appreciates the efforts made by employees to address the significant economic challenges experienced by the City in recent years. Because of their efforts, Mountain View has been able to sustain a wide range of quality City services and facilities while avoiding significant service reductions and layoffs. EAGLES and POA leadership and Unrepresented employees worked closely with the City to address the City's interests for negotiations this year, including completing negotiations in a timely manner. We appreciate their commitment to working in a constructive manner.

We recommend adoption of the attached resolutions.

**PUBLIC NOTICING**—Agenda posting.

Prepared by:



Melissa Stevenson Dile  
Assistant City Manager

Approved by:



Daniel H. Rich  
City Manager

MSD/LS/7/CAM/679-07-10-12M-E-1^

Attachments: 1. EAGLES Resolution  
2. POA Resolution  
3. Unrepresented Employees Resolution

CITY OF MOUNTAIN VIEW  
RESOLUTION NO.  
SERIES 2012

A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE  
TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN  
THE EAGLES AND THE CITY, FOR THE PERIOD OF JULY 1, 2012 THROUGH  
JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN  
TO REFLECT THESE COMPENSATION CHANGES

WHEREAS, the City's current Memorandum of Understanding with EAGLES  
(July 1, 2011 to June 30, 2012) was to expire June 30, 2012; and

WHEREAS, a successor Memorandum of Understanding has been negotiated; and

WHEREAS, the provisions in the current Memorandum of Understanding that are  
changing or new provisions are summarized herein;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of  
Mountain View approves the following amendments to the Memorandum of  
Understanding:

- *Term*

Three-year agreement (July 1, 2012 to June 30, 2015), incorporating operative  
amendments and extensions of the MOU.

- *After-Hour Calls for Public Works Supervisors*

Public Works Supervisors are eligible for compensation in the event they receive  
after-hours calls. The compensation shall be one hour of overtime if calls are  
received before 9:00 p.m. and two hours of overtime if calls are received between  
9:00 p.m. and 6:00 a.m. If a Public Works Supervisor must respond in person to an  
emergency situation, they will receive a minimum of one hour of overtime if  
responding before 9:00 p.m. and two hours of overtime if responding between  
9:00 p.m. and 6:00 a.m. If the time worked at the call exceeds two hours, the Public  
Works Supervisor will receive overtime pay for the actual hours worked. Travel  
time will not be considered time worked for the purposes of calculating overtime.



- *Equity Adjustment*

Effective the first pay period ending in July 2012, the City shall increase by 5 percent the salary range for the following classifications: Buyer, Purchasing and Support Services Manager, Supervising Buyer, Fire Marshal—Nonsafety, Fire Protection Engineer, Hazardous Materials Specialist Nonsafety and Office of Emergency Services Coordinator.

Employees in the Buyer classification will receive a 5 percent step increase effective the first pay period ending in July 2012. Employees in the classifications of Purchasing and Support Services Manager, Supervising Buyer, Fire Marshal—Nonsafety, Fire Protection Engineer, Hazardous Materials Specialist Nonsafety and Office of Emergency Services Coordinator will receive a 3 percent salary increase effective the first pay period ending in July 2012.

- *1.0 Percent*

Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all employees in the bargaining unit who are on paid status or approved leave as of July 7, 2012.

- *Medical*

Effective August 1, 2012, the City will offer an additional "high-deductible health plan" option with both Kaiser and Health Net. For employees who elect to participate in the high-deductible health plan (HDHP), the following contribution schedule will apply for Fiscal Year 2012-13 through Fiscal Year 2014-15. When an employee enrolls in an HDHP for the first time, the City will contribute 100 percent of the plan deductible into the employee's Health Savings Account (HSA). During subsequent enrollment years, the City will contribute 50 percent of the plan deductible into the employee's HSA. If an employee leaves the HDHP and later returns, the City will contribute 50 percent of the plan deductible into the employee's HSA. Employees may contribute additional funds into their HSA up to the IRS annual maximums, for 2012: \$3,100 (self-only coverage); \$6,250 (one or more dependents). The City will continue to offer the current Kaiser and Health Net employee medical plans throughout the course of the contract, and EAGLES members will have no obligation to participate in the high-deductible health plan, if offered. The parties further agree that if an existing plan becomes unavailable, the parties will meet and confer over establishing a replacement plan.

- *Short-Term Disability*

Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

- *Reduced Vacation Accrual*

Effective June 24, 2012, EAGLES members with 16 years or more of service shall accrue vacation one additional day per year to a maximum of 23 days, reduced from 25 days. Employees who have 16+ years of service as of June 23, 2012 will be grandfathered and will continue to accrue vacation at their current rate (e.g. 24 or 25 days). Accrual rates are prorated for regular part-time employees.

Years of Service	Rate Per Year
0 through 5 Years	12 Days
6 through 9 Years	17 Days
10 through 15 Years	22 Days
16+ Years	One Additional Day to a Maximum of 23 Days

- *Vacation Cash-Out*

The parties agree to a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 90 hours per calendar year. All other provisions of existing vacation cash-out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be 60 hours of vacation per calendar year.

- *Reduced Sick Leave Incentive Program*

The sick leave incentive program is intended to discourage unnecessary use of sick leave by rewarding employees who do not use sick leave in a given time period. Under the City's current program, all members who do not use sick leave in any one quarter (e.g., January—March as defined by Payroll), receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis after that date, the sick leave incentive amount will be reduced from the eight additional hours per quarter to four additional hours per quarter (prorated for part-time employees).

- *PERS Cost Share*

For Fiscal Year 2012-13, members will continue to contribute 2.5 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with CalPERS (PERS). This cost share amount is in addition to the employee's 8.0 percent contribution, for a total employee contribution of 10.5 percent in Fiscal Year 2012-13.

Effective the first pay period ending in July 2013, members agree to contribute up to an additional 1.0 percent towards the employer's rate (total of 3.5 percent of salary) in addition to the employee's 8 percent contribution, for a total employee contribution of 11.5 percent in Fiscal Year 2013-14.

The 3.5 percent cost share will continue on an ongoing basis, unless the PERS employer rate decreases below 21.053 percent, the rate in effect for Fiscal Year 2012-13. In years in which the PERS employer rate is below 21.053 percent, the cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS employer rate decreases below 21.053 percent (changes in the PERS employer rate will not be rounded). After decreasing below 21.053 percent, if the PERS employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the employer rate. The maximum cost share decrease or increase will be 1.0 percent, with the 2.5 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the miscellaneous PERS contract for pension benefits to determine employee willingness to amend the PERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of miscellaneous members voting approve this change, the lowest common cost share among all miscellaneous members will be credited to the member account beginning in Fiscal Year 2013-14. Any difference between the lowest common cost share and the 3.5 percent ongoing EAGLES cost share will be credited to the employer account.

- *Commuter Benefits Program*

Between July and December 2012, the City will conduct a request for proposals (RFP) process to select a Flexible Benefit Plan administrator. As part of that effort, the City will determine whether a Commuter Benefits Program can be administered through the Flexible Benefit Plan in accordance with provisions of Internal Revenue Code (IRC) Section 132(f) without incurring new costs to the City. If this can be accomplished, this benefit will be added effective January 1, 2013.

- *Potential Holiday Closure*

The City may close some offices to the public between December 24 and January 1 in each year of the term of the MOU. It is anticipated that some functions will not be closed in order to provide essential service to the public. In the event that City

offices are closed between December 24 and January 1, employees will have the opportunity to discuss with their supervisor whether the employee can work during the closure period. If it is not operationally feasible for an employee to work during the closure period, and they must use paid leave for all closure dates which would otherwise be regular work days, they will be granted one eight-hour paid day off during the closure period (prorated for regular part time employees). This paid day off may be used in conjunction with other paid leave during the closure period. If an employee is required to work during the closure period, they may use the eight-hour paid day off on another day before the end of the same payroll fiscal year. The paid day off may not be cashed out, and may not be carried over to another fiscal year.

- *2.0 Percent COLA Fiscal Year 2013-14*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

- *Miscellaneous Provisions*

The proposed agreement provides clarification language related to merit pay and authorized leave.

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LS/7/RESO  
679-07-10-12R-E^

CITY OF MOUNTAIN VIEW  
RESOLUTION NO.  
SERIES 2012

A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN THE POLICE OFFICERS ASSOCIATION AND THE CITY FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN TO REFLECT THESE COMPENSATION CHANGES

WHEREAS, the City's current Memorandum of Understanding with MOUNTAIN VIEW POLICE OFFICERS ASSOCIATION (POA) (July 1, 2007 to June 30, 2011) was to expire June 30, 2012, following a one-year extension by side letter agreement; and

WHEREAS, a successor Memorandum of Understanding has been negotiated; and

WHEREAS, the provisions in the current Memorandum of Understanding that are changing or new provisions are summarized herein;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Mountain View approves the following amendments to the Memorandum of Understanding:

- *Term*

Three-year contract (July 1, 2012 to June 30, 2015).

- *Medical*

Effective August 1, 2012, the parties agreed to modify the current HMO medical insurance plan designs to include a \$10 copay. Also, effective August 1, 2012, the City will offer a "high-deductible health plan" option. For employees who elect to participate in the high-deductible health plan (HDHP), the following contribution schedule will apply for Fiscal Year 2012-13 through Fiscal Year 2014-15. When an employee enrolls in a HDHP for the first time, the City will contribute 100 percent of the plan deductible into the employee's Health Savings Account (HSA). During subsequent enrollment years, the City will contribute 50 percent of the plan deductible into the employee's HSA. If an employee leaves the HDHP and later returns, the City will contribute 50 percent of the plan deductible into the employee's HSA. Employees may contribute additional funds into their HSA up to the IRS annual maximums, for 2012: \$3,100 (self-only coverage); \$6,250 (one or more dependents). The City may change the contribution to the HSA after Fiscal



Year 2014-15. The City will continue to offer HMO and PPO/POS medical plans and POA members have no obligation to participate in the high-deductible health plan.

- *Dental Plan Premium Schedule*

Effective July 1, 2013, the employee dental plan premium contribution schedule for all POA members will be the same as for other City employees.

- *Vision Plan Design*

Effective July 1, 2013, the vision plan design for all POA members will be the same as for other City employees.

- *COLA*

Sworn Members—3.2 percent COLA Fiscal Year 2013-14: Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications for sworn members in the bargaining unit by a 3.2 percent cost-of-living adjustment (COLA). Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications for sworn members in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

Nonsworn Members—2.2 percent COLA Fiscal Year 2013-14: Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications for nonsworn members by a 2.2 percent cost-of-living adjustment (COLA). Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications for nonsworn members by a 2.0 percent cost-of-living adjustment (COLA).

- *CalPERS Cost Share*

Sworn Members—Effective the first pay period ending in July 2013, sworn POA members will continue to pay 50 percent of the increase in the PERS employer rate above 16.268 percent for each year of the contract, but the maximum amount the employee will contribute will increase to up to 6.1480 percent.

Nonsworn Members—The amount of the cost share payroll deduction will continue to be 1.5 percent of salary for Fiscal Year 2012-13 and will increase by 2.2 percent to 3.7 percent of salary beginning in the first pay period that ends in July 2013. The 3.7 percent cost share will continue on an ongoing basis, unless the PERS miscellaneous employer rate decreases below 21.053 percent, the PERS miscellaneous employer rate in effect for Fiscal Year 2012-13.

In years in which the PERS miscellaneous employer rate is below 21.053 percent, the 2.2 percent cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS miscellaneous employer rate decreases below 21.053 percent. After decreasing below 21.053 percent (changes in the PERS employer rate will not be rounded), if the PERS miscellaneous employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the PERS miscellaneous employer rate. The maximum cost share decrease or increase will be 2.2 percent, with the 1.5 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the sworn Police PERS contract and for all employees covered under the miscellaneous PERS contract for pension benefits, to determine employee willingness to amend the PERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of members voting in each election approve this change, the lowest common cost share among all members in the same PERS contract will be credited to the member account beginning in Fiscal Year 2013-14. Any difference between the lowest common cost share and the ongoing cost share will be credited to the employer account.

- *Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution*

Beginning the first pay period ending in July 2013, each sworn POA member shall contribute 1.2 percent of salary towards the City's retirees health trust to help fund the City's OPEB costs. This contribution will be accomplished through a salary deduction and the City will make the deduction on a pretax basis to the extent permitted under State and Federal law. The City makes no representation as to the taxable nature of this deduction and each employee shall retain liability for his or her own taxes.

The 1.2 percent OPEB contribution is in addition to the PERS pension cost share. The 1.2 percent OPEB contribution shall be ongoing unless the parties fail to reach agreement by July 1, 2013 on a mutually agreeable transition to the PERS Health System for the sworn POA bargaining unit members (recognizing the actual date of implementation may be later than July 1, 2013). If the parties fail to reach agreement to migrate sworn POA bargaining unit members to the PERS Health System, the 1.2 percent OPEB contribution will expire in the last pay period which ends prior to June 30, 2014 and sworn POA bargaining unit members will

contribute an additional 1.2 percent cost share toward the City's employer contribution to PERS beginning with the first pay period ending in July 2014 and continuing through last pay period ending prior to June 2015.

- *Study of CalPERS Health System*

The City and POA will explore the impacts of migrating sworn POA bargaining unit members and qualified retirees to the CalPERS Health System following completion of a study being conducted by the City and IAFF Local 1965 ("MVFF"). The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance for the sworn members of the bargaining units represented by MVFF and POA and their affiliated retirees could be done in a cost-effective and responsible manner. Based on limited currently available information, the parties believe that it may be possible to meet the interests of both POA and the City and commit to working together in a collaborative manner.

The PEMHCA Study Committee will discuss with POA leadership, on a monthly basis, the progress of the study and the final report. Once the PEMHCA Study Report is complete (anticipated to be December 2012), the parties agree to meet and confer over sworn POA members migrating to PEMHCA; however, consideration of the study results will not be understood as an agreement (tacit or otherwise) to migrate to the CalPERS Health System. The parties intend the process to be a serious consideration of the CalPERS Health System, which may lead to an agreement to replace existing medical insurance benefits with that system. No impasse resolution procedures will apply except by mutual consent.

- *Reduced Vacation Accrual*

Effective June 24, 2012, all POA members with 16 years or more of service shall accrue vacation to a maximum of 24 days, reduced from 25 days. Employees who have 16+ years of service as of June 23, 2012, will be grandfathered and will continue to accrue vacation at their current rate (e.g., 24 or 25 days, as applicable). Accrual rates are prorated for regular part-time employees.

- *Maximum Vacation Caps*

Effective in the pay periods that include December 31, 2012 and June 30, 2013, the maximum vacation caps for all POA members will be as follows:

<b>Years of Service</b>	<b>Cap as of Pay Period that Includes December 31, 2012</b>	<b>Cap as of Pay Period that Includes June 30, 2013</b>
0-5	220	200
6-9	300	280
10-15	380	360
16+	440	400

If an employee does not reduce his/her balance in accordance with the schedules above, the employee will cease to accrue vacation until below the maximum cap. Any existing vacation amounts above the caps will remain until used or paid.

- *Vacation Cash-Out*

The parties agree to a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum. For Fiscal Years 2012-13 and 2013-14 only, members are eligible to cash-out 90 hours of vacation per calendar year. In Fiscal Year 2014-15, and on an ongoing basis after that, the vacation cash-out limit will be 60 hours of vacation per calendar year. All other provisions of existing vacation cash-out rules will still apply.

- *Reduced Sick Leave Incentive Program*

The sick leave incentive program is intended to discourage unnecessary use of sick leave. Under the City's current program, all members who do not use sick leave for one quarter receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis thereafter, all POA members shall receive four hours of vacation for each quarter of attendance wherein sick leave was not used.

- *Other Changes*

A number of other clarifications were agreed to update the MOU, including the incorporation of prior side letters, bereavement leave, clarification of probationary standing, use of association time and layoff notifications.

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LS/7/RESO  
679-07-10-12R-E-2^

CITY OF MOUNTAIN VIEW  
RESOLUTION NO.  
SERIES 2012

A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE  
TO AMEND THE COMPENSATION RESOLUTION FOR UNREPRESENTED  
EMPLOYEES, INCLUDING CONFIDENTIAL, POLICE MANAGERS,  
FIRE MANAGERS AND PROFESSIONALS, DEPARTMENT HEADS,  
AND COUNCIL APPOINTEES

WHEREAS, on July 5, 2011, the City Council of the City of Mountain View adopted Resolution No. 17633 for compensation for unrepresented employees;

BE IT RESOLVED that the City Council of the City of Mountain View hereby amends or approves the additional terms as follows:

**All Unrepresented Employees**

- *Term*

Three-year compensation packages beginning July 1, 2012 and ending June 30, 2015.

- *Medical*

Effective August 1, 2012, the City will offer an additional "high-deductible health plan" option with both Kaiser and Health Net. For employees who elect to participate in the high-deductible health plan (HDHP), the following contribution schedule will apply for Fiscal Year 2012-13 through Fiscal Year 2014-15. When an employee enrolls in an HDHP for the first time, the City will contribute 100 percent of the plan deductible into the employee's Health Savings Account (HSA). During subsequent enrollment years, the City will contribute 50 percent of the plan deductible into the employee's HSA. If an employee leaves the HDHP and later returns, the City will contribute 50 percent of the plan deductible into the employee's HSA. Employees may contribute additional funds into their HSA up to the IRS annual maximums, for 2012: \$3,100 (self-only coverage); \$6,250 (one or more dependents). The City will continue to offer the current Kaiser and Health Net employee medical plans throughout the course of the three-year term, and employees will have no obligation to participate in the high-deductible health plan, if offered.



- *Flexible Spending Account Contribution*

The City will contribute a \$150 lump sum to each unrepresented employee's Flexible Spending Account in January of each year during the term of this resolution.

### **Confidential Employees**

The City Council hereby amends Resolution No. 17520 for Confidential employees to provide the following for Fiscal Years 2012-13, 2013-14 and 2014-15.

- *1.0 Percent Lump Sum Payment*

Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all Confidential employees who are on paid status or approved leave as of July 7, 2012.

- *One-Time Additional Flexible Spending Account (FSA) Payment*

The City will contribute a \$150 lump sum to each Confidential employee's Flexible Spending Account in the second pay period in July 2012. This is a one-time payment.

- *Reduced Sick Leave Incentive Program*

The sick leave incentive program is intended to discourage unnecessary use of sick leave by rewarding employees who do not use sick leave in a given time period. Under the City's current program, all confidential employees who do not use sick leave in any one quarter (e.g., January—March as defined by Payroll), receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis after that date, the sick leave incentive amount will be reduced from eight additional hours per quarter to four additional hours per quarter (prorated for part-time employees).

- *Short-Term Disability*

Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

- *Public Employees Retirement System (PERS) Cost Share*

For Fiscal Year 2012-13, members will continue to contribute 2.5 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with PERS.

This cost share amount is in addition to the employee's 8.0 percent contribution, for a total employee contribution of 10.5 percent in Fiscal Year 2012-13.

Effective the first pay period ending in July 2013, Confidential employees will contribute up to an additional 1.0 percent towards the employer's rate (total of 3.5 percent of salary) in addition to the employee's 8.0 percent contribution, for a total employee contribution of 11.5 percent in Fiscal Year 2013-14.

The 3.5 percent cost share will continue on an ongoing basis, unless the PERS employer rate decreases below 21.053 percent, the rate in effect for Fiscal Year 2012-13. In years in which the PERS employer rate is below 21.053 percent, the cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS employer rate decreases below 21.053 percent (changes in the PERS employer rate will not be rounded). After decreasing below 21.053 percent, if the PERS employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the employer rate. The maximum cost share decrease or increase will be 1.0 percent, with the 2.5 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the miscellaneous PERS contract for pension benefits to determine employee willingness to amend the PERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of miscellaneous members voting approve this change, the lowest common cost share among all miscellaneous members will be credited to the member account beginning in Fiscal Year 2013-14. Any difference between the lowest common cost share and the 3.5 percent ongoing cost share will be credited to the employer account.

- *Potential Holiday Closure*

The City may close some offices to the public between December 24 and January 1 in Fiscal Years 2012-13, 2013-14 and 2014-15. It is anticipated that some functions will not be closed in order to provide essential service to the public. In the event that City offices are closed between December 24 and January 1, employees will have the opportunity to discuss with their supervisor whether the employee can work during the closure period. If it is not operationally feasible for an employee to work during the closure period, and they must use paid leave for all closure dates which would otherwise be regular work days, they will be granted one eight-hour paid day off during the closure period (prorated for regular part-time

employees). This paid day off may be used in conjunction with other paid leave during the closure period. If an employee is required to work during the closure period, they will receive an eight-hour paid day off which they may use on another day before the end of the same payroll fiscal year. The paid day off may not be cashed out, and may not be carried over to another fiscal year.

- *Vacation Cash-Out*

Confidential employees will receive a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 120 hours per calendar year. All other provisions of existing vacation cash-out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be 80 hours of vacation per calendar year.

- *2.0 Percent COLA Fiscal Year 2013-14*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all Confidential classifications by a 2.0 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all Confidential classifications by a 2.0 percent cost-of-living adjustment (COLA).

### **Fire Managers and Professionals**

The City Council hereby amends Resolution No. 17633 for Fire Managers and Professionals to provide the following for Fiscal Years 2012-13, 2013-14 and 2014-15.

- *Vacation Accrual Caps*

Effective the pay period including December 31, 2012 and June 30, 2013, maximum vacation caps for Fire Managers and Professionals will be as follows:

Shift Personnel:

<b>Years of Service</b>	<b>Cap as of Pay Period that Includes December 31, 2012</b>	<b>Cap as of Pay Period that Includes June 30, 2013</b>
0-5	350	320
6-9	490	460
10-15	580	540
16+	700	660

40-Hour Personnel:

<b>Years of Service</b>	<b>Cap as of Pay Period that Includes December 31, 2012</b>	<b>Cap as of Pay Period that Includes June 30, 2013</b>
0-5	220	200
6-9	290	260
10-15	370	330
16+	440	400

If an employee does not reduce his/her balance in accordance with the schedules above, they will cease to accrue vacation until below the maximum cap. Any existing vacation amounts above the caps will remain until used or paid.

- *Reduced Sick Leave Incentive Program*

The sick leave incentive program is intended to discourage unnecessary use of sick leave by rewarding employees who do not use sick leave in a given time period. Under the City's current program, all Fire Managers and Professionals who do not use sick leave in any one quarter (e.g., January—March), receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis after that date, the sick leave incentive will be eight hours of sick leave converted to vacation per quarter (prorated for part-time employees).

- *Study of CalPERS Health System*

The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of

the study with the Fire Managers and Professionals and discuss the prospect of Fire Managers and Professionals migrating to the CalPERS Health System. Consideration of the study results will not be understood as an agreement (tacit or otherwise) to migrate to the CalPERS Health System. The parties intend the process to be a serious consideration of the CalPERS Health System, which may lead to an agreement to replace existing medical insurance benefits with that system.

- *CalPERS Cost Share*

Effective the first pay period ending July 2013, Fire Managers and Professionals will contribute an additional 2.0 percent of salary on a permanent and ongoing basis for the enhanced CalPERS pension benefit (total cost share 6.0 percent).

In addition to the 6.0 percent contribution toward the enhanced retirement benefit, Fire Managers and Professionals will also continue to pay the normal employee contribution (currently 9.0 percent) and the cost of the enhanced survivor's benefit (currently 0.366 percent), for a total of 15.366 percent.

- *Vacation Cash-Out*

Fire Managers and Professionals will receive a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 180 hours per calendar year for shifted Fire Managers and Professionals, and 90 hours for Fire Managers and Professionals scheduled on a 40-hour work week. All other provisions of existing vacation cash-out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be 120 hours of vacation per calendar year for shifted managers and 60 hours of vacation per calendar year for managers/professionals scheduled on a 40-hour work week.

- *Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution*

Effective the first pay period ending in July 2013, Fire Managers and Professionals will contribute 1.2 percent of salary towards the City's retirees health trust to help fund the City's OPEB costs. This contribution will be accomplished through a salary deduction and the City will make the deduction on a pretax basis to the extent permitted under State and Federal law. The City makes no representation as to the taxable nature of this deduction. The City and each employee shall retain liability for their respective tax obligations.



The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share addressed under CalPERS Cost Share. The 1.2 percent OPEB contribution shall be ongoing unless the parties fail to reach agreement on a mutually agreeable transition to the CalPERS Health System for Fire Managers and Professionals by July 1, 2013 (recognizing the actual date of implementation may be later than July 1, 2013). If the parties agree to transition to CalPERS Health System, the 1.2 percent cost share will continue on a permanent basis to OPEB. If the parties do not reach agreement by July 1, 2013 to migrate Fire Managers and Professionals to the CalPERS Health System, the 1.2 percent OPEB contribution shall become a CalPERS retirement benefit contribution effective the pay period including July 1, 2014 and will expire the last pay period ending prior to June 30, 2015.

- *3.2 Percent COLA Fiscal Year 2013-14*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all Fire Managers and Professionals by a 3.2 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all Fire Managers and Professionals by a 2.0 percent cost-of-living adjustment (COLA).

### **Police Managers**

The City Council hereby amends Resolution No. 17520 for Police Managers to provide the following for Fiscal Years 2012-13, 2013-14 and 2014-15

- *Vacation Accrual Caps*

Effective December 31, 2012 and June 30, 2013, maximum vacation caps for Police Managers will be as follows:

<b>Years of Service</b>	<b>Cap as of Pay Period that Includes December 31, 2012</b>	<b>Cap as of Pay Period that Includes June 30, 2013</b>
0-5	220	200
6-9	300	280
10-15	380	360
16+	440	400

If an employee does not reduce his/her balance in accordance with the schedules above, they will cease to accrue vacation until below the maximum cap. Any existing vacation amounts above the caps will remain until used or paid.

- *Study of CalPERS Health System*

The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of the study with the Police Managers and discuss the prospect of Police Managers migrating to the CalPERS Health System. Consideration of the study results will not be understood as an agreement (tacit or otherwise) to migrate to the CalPERS Health System. The parties intend the process to be a serious consideration of the CalPERS Health System, which may lead to an agreement to replace existing medical insurance benefits with that system.

- *CalPERS Cost Share*

Effective the first pay period ending July 2012, Police Managers will contribute a total of 4.65 percent of salary toward the employer's rate for the 3@50 enhanced retirement benefit based on the current 4.0 cost share plus an additional 0.65 percent of salary converted from the 0.78 percent cost share that was scheduled to expire on June 30, 2012. The new 0.65 percent cost share will continue on a permanent and ongoing basis toward the employer's rate for the enhanced CalPERS pension benefit.

Effective the first pay period ending July 2013, Police Managers will contribute an additional 2.0 percent of salary on a permanent and ongoing basis toward the employer's rate for the enhanced CalPERS pension benefit (total cost share 6.65 percent). In addition to the 6.65 percent contribution to the employer rate, Police Managers will also continue to pay the normal employee contribution (currently 9.0 percent) and the cost of the enhanced survivor's benefit (currently 0.148 percent) for a total of 15.798 percent.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the sworn Police PERS contract for pension benefits to determine employee willingness to amend the PERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of sworn Police members voting approve this change, the lowest common cost share among all sworn Police members will be credited to the member account beginning in Fiscal Year 2013-14. Any

difference between the lowest common cost share and the ongoing cost share will be credited to the employer account.

- *Vacation Cash-Out*

Police Managers will receive a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 120 hours per calendar year. All other provisions of existing vacation cash-out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be 80 hours of vacation per calendar year.

- *Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution*

Effective the first pay period ending in July 2013, Police Managers will contribute 1.2 percent of salary towards the City's retirees health trust to help fund the City's OPEB costs. This contribution will be accomplished through a salary deduction and the City will make the deduction on a pretax basis to the extent permitted under State and Federal law. The City makes no representation as to the taxable nature of this deduction. The City and each employee shall retain liability for their respective tax obligations.

The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share addressed under CalPERS cost share. The 1.2 percent OPEB contribution shall be ongoing unless the parties fail to reach agreement on a mutually agreeable transition to the CalPERS Health System for Police Managers by July 1, 2013 (recognizing the actual date of implementation may be later than July 1, 2013). If the parties agree to transition to CalPERS Health System, the 1.2 percent cost share will continue on a permanent basis to OPEB. If the parties do not reach agreement by July 1, 2013 to migrate Police Managers to the CalPERS Health System, the 1.2 percent OPEB contribution shall become a CalPERS retirement benefit contribution effective the pay period including July 1, 2014 and will expire the last pay period ending prior to June 30, 2015.

- *3.2 Percent COLA Fiscal Year 2013-14*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all Police Managers by a 3.2 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all Police Managers by a 2.0 percent cost-of-living adjustment (COLA).

### **Department Heads**

The City Council hereby amends Resolution No. 17633 for Department Heads to provide the following for Fiscal Years 2012-13, 2013-14 and 2014-15.

- *Reduced Vacation Accrual (All Department Heads)*

Effective June 24, 2012, Department Heads with 16 years or more of service shall accrue vacation one additional day per year to a maximum of 24 days, reduced from 25 days. Employees who have 16+ years of service as of June 23, 2012 will be grandfathered and will continue to accrue vacation at their current rate of 25 days.

<b>Years of Service</b>	<b>Rate Per Year</b>
0 through 5 Years	12 Days
6 through 9 Years	17 Days
10 through 15 Years	22 Days
16+ Years	One Additional Day to a Maximum of 24 Days

- *1.0 Percent Lump Sum Payment (Nonsworn Department Heads)*

Effective the second pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all nonsworn Department Heads who are on paid status or approved leave as of July 7, 2012.

- *Reduced Sick Leave Incentive Program (All Department Heads)*

The sick leave incentive program is intended to discourage unnecessary use of sick leave by rewarding employees who do not use sick leave in a given time period. Under the City's current program, all Department Heads who do not use sick leave in any one quarter (e.g., January—March as defined by Payroll), receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis after that date, the sick leave incentive amount will be reduced from eight additional hours per quarter to four additional hours per quarter (prorated for part-time employees).

- *Tuition Reimbursement (All Department Heads)*

Effective July 1, 2012, Department Heads may combine two years of tuition reimbursement and may cash-out up to 120 hours of vacation for the purposes of tuition reimbursement, in addition to other vacation cash-out provisions. All other provisions of the tuition reimbursement program remain unchanged.

- *Short-Term Disability (Nonsworn Department Heads)*

Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

- *PERS Cost Share (Nonsworn Department Heads)*

For Fiscal Year 2012-13, nonsworn Department Heads will continue to contribute 2.5 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with CalPERS (PERS). This cost share amount is in addition to the employee's 8.0 percent contribution, for a total employee contribution of 10.5 percent in Fiscal Year 2012-13.

Effective the first pay period ending in July 2013, nonsworn Department Heads will contribute up to an additional 1.0 percent towards the employer's rate (total of 3.5 percent of salary) in addition to the employee's 8.0 percent contribution, for a total employee contribution of 11.5 percent in Fiscal Year 2013-14.

The 3.5 percent cost share will continue on an ongoing basis, unless the PERS employer rate decreases below 21.053 percent, the rate in effect for Fiscal Year 2012-13. In years in which the PERS employer rate is below 21.053 percent, the cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS employer rate decreases below 21.053 percent (changes in the PERS employer rate will not be rounded). After decreasing below 21.053 percent, if the PERS employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the employer rate. The maximum cost share decrease will be 1.0 percent, with the 2.5 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account (Nonsworn Department Heads)*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the miscellaneous PERS contract for pension benefits to determine employee willingness to amend the PERS contract in

order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of miscellaneous members voting approve this change, the lowest common cost share among all miscellaneous members will be credited to the member account beginning in Fiscal Year 2013-14. Any difference between the lowest common cost share and the 3.5 percent ongoing cost share will be credited to the employer account.

- *Vacation Cash-Out (All Department Heads)*

Department Heads will have a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 90 hours per calendar year. All other provisions of existing vacation cash out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be 60 hours of vacation per calendar year.

- *2.0 Percent COLA Fiscal Year 2013-14 (Nonsworn Department Heads)*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all nonsworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15 (Nonsworn Department Heads)*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all nonsworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

- *Potential Holiday Closure (Nonsworn Department Heads)*

The City may close some offices to the public between December 24 and January 1 in Fiscal Years 2012-13, 2013-14 and 2014-15. It is anticipated that some functions will not be closed in order to provide essential service to the public. In the event that City offices are closed between December 24 and January 1, employees will have the opportunity to discuss with their supervisor whether the employee can work during the closure period. If it is not operationally feasible for an employee to work during the closure period, and they must use paid leave for all closure dates which would otherwise be regular work days, they will be granted one eight-hour paid day off during the closure period (prorated for regular part-time employees). This paid day off may be used in conjunction with other paid leave during the closure period. If an employee is required to work during the closure period, they will receive an eight-hour paid day which they may use on another

day before the end of the same fiscal year. The paid day off may not be cashed out, and may not be carried over to another fiscal year.

- *Study of CalPERS Health System (Fire Chief and Police Chief/Assistant City Manager for Public Safety)*

The City will be studying the impacts of migrating sworn employees and qualified retirees to the CalPERS Health System. The purpose of the study will be to determine whether migrating to the CalPERS Health System to provide medical insurance to sworn employees and their affiliated retirees could be done in a cost-effective and responsible manner. The City has committed to share the results of the study with the Fire Chief and Police Chief/ Assistant City Manager for Public Safety and to discuss the prospect of the Fire Chief and Police Chief/ Assistant City Manager for Public Safety migrating to the CalPERS Health System. Consideration of the study results will not be understood as an agreement (tacit or otherwise) to migrate to the CalPERS Health System. The parties intend the process to be a serious consideration of the CalPERS Health System, which may lead to an agreement to replace existing medical insurance benefits with that system.

- *CalPERS Cost Share (Sworn Department Heads)*

Effective the first pay period ending July 2013, sworn Department Heads will contribute additional salary on a permanent and ongoing basis for the enhanced CalPERS pension benefit for a total cost share of 6.0 percent.

In addition to the 6.0 percent contribution to the employer rate, sworn Department Heads will also continue to pay the normal employee contribution (currently 9.0 percent) and the cost of the enhanced survivor's benefit (currently 0.366 percent for the Fire Chief and 0.148 percent for the Police Chief/ Assistant City Manager for Public Safety), for a total of 15.366 percent for the Fire Chief and 15.148 for the Police Chief/ Assistant City Manager for Public Safety.

- *PERS Contract Amendment to Allow Cost Share to be Credited to Member Account (Police Chief/Assistant City Manager for Public Safety)*

For Fiscal Year 2012-13, the cost share will be credited to the employer account. During Fiscal Year 2012-13, the City will conduct an election in accordance with PERS rules for all employees covered under the sworn Police PERS contract for pension benefits to determine employee willingness to amend the PERS contract in order to allow some or all of the cost share to be credited to the member account rather than the employer account. If a majority of sworn Police members voting approve this change, the lowest common cost share among all sworn Police members will be credited to the member account beginning in Fiscal Year 2013-14. Any

difference between the lowest common cost share and the ongoing cost share will be credited to the employer account.

- *Other Post-Employment Benefits (OPEB)/Retirees Health Trust Contribution (Fire Chief)*

Effective the first pay period ending in July 2013, the Fire Chief will contribute 1.2 percent of salary towards the City's retirees health trust to help fund the City's OPEB costs. This contribution will be accomplished through a salary deduction and the City will make the deduction on a pretax basis to the extent permitted under State and Federal law. The City makes no representation as to the taxable nature of this deduction. The City and each employee shall retain liability for their respective tax obligations.

The 1.2 percent OPEB contribution is in addition to the CalPERS pension cost share addressed under CalPERS Cost Share. The 1.2 percent OPEB contribution shall be ongoing unless the City and the Fire Chief fail to reach agreement on a mutually agreeable transition to the CalPERS Health System for the Fire Chief by July 1, 2013 (recognizing the actual date of implementation may be later than July 1, 2013). If the City and Fire Chief agree to transition to CalPERS Health System, the 1.2 percent cost share will continue on a permanent basis to OPEB. If the City and Fire Chief do not reach agreement by July 1, 2013 to migrate the Fire Chief to the CalPERS Health System, the 1.2 percent OPEB contribution shall become a CalPERS retirement benefit contribution effective the pay period including July 1, 2014 and will expire the last pay period ending prior to June 30, 2015.

- *3.2 Percent COLA Fiscal Year 2013-14 (Sworn Department Heads)*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all sworn Department Heads by a 3.2 percent cost-of-living adjustment (COLA).

- *2.0 Percent COLA Fiscal Year 2014-15 (Sworn Department Heads)*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all sworn Department Heads by a 2.0 percent cost-of-living adjustment (COLA).

### **Council Appointees**

The City Council hereby amends Resolution No. 17633 for Council Appointees to provide the following for Fiscal Years 2012-13, 2013-14 and 2014-15.



- *Vacation Accrual*

Effective June 24, 2012, Council Appointees with 16 years or more of service shall accrue vacation one additional day per year to a maximum of 24 days, reduced from 25 days. Employees who have 16+ years of service as of June 23, 2012 will be grandfathered and will continue to accrue vacation at their current rate of 25 days.

Years of Service	Rate Per Year
0 through 5 Years	12 Days
6 through 9 Years	17 Days
10 through 15 Years	22 Days
16+ Years	One Additional Day to a Maximum of 24 Days

- *Vacation Cash-Out*

Council Appointees will receive a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 90 hours per calendar year. All other provisions of existing vacation cash out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash out limit will be 60 hours of vacation per calendar year.

- *Reduced Sick Leave Incentive Program*

The sick leave incentive program is intended to discourage unnecessary use of sick leave by rewarding employees who do not use sick leave in a given time period. Under the City's current program, all Council Appointees who do not use sick leave in any one quarter (e.g., January—March), receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis after that date, the sick leave incentive amount will be reduced from the current eight additional hours per quarter to four additional hours per quarter.

- *Short-Term Disability*

Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

- *Potential Holiday Closure*

The City may close some offices to the public between December 24 and January 1 in Fiscal Years 2012-13, 2013-14 and 2014-15. It is anticipated that some functions will not be closed in order to provide essential service to the public. In the event

that City offices are closed between December 24 and January 1, employees will have the opportunity to discuss with their supervisor whether the employee can work during the closure period. If it is not operationally feasible for an employee to work during the closure period, and they must use paid leave for all closure dates which would otherwise be regular work days, they will be granted one eight-hour paid day off during the closure period (prorated for regular part-time employees). This paid day off may be used in conjunction with other paid leave during the closure period. If an employee is required to work during the closure period, they will receive an eight-hour paid day which they may use on another day before the end of the same fiscal year. The paid day off may not be cashed out, and may not be carried over to another fiscal year.

- *PERS Cost Share*

For Fiscal Year 2012-13, Council Appointees will continue to contribute 2.5 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with CalPERS (PERS). This cost share amount is in addition to the employee's 8.0 percent contribution, for a total employee contribution of 10.5 percent in Fiscal Year 2012-13.

Effective the first pay period ending in July 2013, Council Appointees will contribute up to an additional 1.0 percent towards the employer's rate (total of 3.5 percent of salary) in addition to the employee's 8.0 percent contribution, for a total employee contribution of 11.5 percent in Fiscal Year 2013-14.

The 3.5 percent cost share will continue on an ongoing basis, unless the PERS employer rate decreases below 21.053 percent, the rate in effect for Fiscal Year 2012-13. In years in which the PERS employer rate is below 21.053 percent, the cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS employer rate decreases below 21.053 percent (changes in the PERS employer rate will not be rounded). After decreasing below 21.053 percent, if the PERS employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the employer rate. The maximum cost share decrease and increase will be 1.0 percent, with the 2.5 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

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